

MTRS School Business Administrator Training

AGENDA

8:30 – 9:00 a.m. **Registration**

Coffee, tea and pastry

9:00 – 9:05 a.m. **Welcome**

9:05 – 10:15 a.m. **Presentation, Part 1**

Overview of the MTRS

MTRS services for employers

■ Eligibility and enrollment

■ Termination retirement and pension forfeiture: Two case studies on possible pension loss

10:15 - 10:30 a.m Break

10:30 – noon Presentation, Part 2

■ MTRS deduction reporting and BERT

■ Regular compensation issues

■ Q&A

SUMMER 2007

Cambridge, Tuesday, July 31

Worcester, Wednesday, August 1

Springfield, Thurday, August 2

Bridgewater, Tuesday, August 7

Cambridge, Wednesday, August 8

Devens, Thursday, August 9

Wakefield, Tuesday, August 14

Cambridge, Thursday, August 16

Hyannis, Friday, August 17 MTRS presenters and Employer Services staff

- Scott Cauley, Senior Education Coordinator, Education and Member Relations
- Mary Lynn Chu, Service Representative, Employer Services
- Christine Connell, Service Representative, Employer Services
- Matthew Ferron, Director, Education and Member Relations
- Robert George, Senior Service Representative, Employer Services
- Erika Glaster, Deputy Executive Director
- Richard Grzembski, Senior Education Coordinator, Education and Member Relations
- David Harbison, Senior Service Representative, Employer Services
- Kathleen Kreatz, Service Representative, Employer Services
- Shirley Kwan, Senior Account Analyst, Employer Services
- Cam Luu, Senior Account Analyst, Employer Services
- Sean Neilon, Assistant Executive Director
- Thomas O'Connell, Service Representative, Employer Services
- David Percoco, Service Representative, Employer Services
- Richard Probert, Director, Employer Services
- Patricia Raynowska, Senior Service Representative, Employer Services
- Joan Schloss, Executive Director



Members of the Board

David P. Driscoll Chairman and Commissioner of Education

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Erika M. Glaster

Main Office

One Charles Park Cambridge, MA 02142-1206 Phone 617-679-MTRS (6877) Fax 617-679-1661

Western Regional Office

101 State Street, Suite 210 Springfield, MA 01103-2066 Phone 413-784-1711 Fax 413-784-1707

Online

mass.gov/mtrs

It is better to know some of the questions than all of the answers.

MTRS School Business Administrator Training

PROGRAM GUIDE

- 3 Overview of the MTRS
- 4 MTRS services for employers
- 6 Eligibility and enrollment
- Termination retirement and pension forfeiture: Two case studies on possible pension loss
- 12 MTRS deduction reporting and BERT
- 15 Regular compensation issues
- 20 Contacting us



This program guide was written by the staff of the MTRS and prepared exclusively for use by representatives of the Massachusetts Teachers' Retirement System's employer units in conjunction with the seminar entitled MTRS School Business Administrator Training. It is not intended as a substitute for the Massachusetts General Laws nor will its interpretation prevail should a conflict arise between the contents of this booklet and M.G.L. c. 32. Finally, rules governing retirement and reporting requirements are subject to change periodically either by statute of the Massachusetts Legislature or by regulation of the MTRS.



Overview of the MTRS

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What is the MTRS?

- 401(a): Defined benefit plan
- Eligible employees are required to enroll
- Not all employees are eligible for MTRS membership; some belong to similar local or regional systems, or in the case of educational collaboratives, the State Retirement System
- Charter Schools currently enroll non-MTRS eligible employees in Social Security
- Three factors for calculating a retirement benefit:
 - Age: Age on the date of retirement
 - Service: Full years and full months
 - Salary average: Three highest consecutive years of salary are used

Overview of the MTRS

■ For additional information on creditable service and the benefit calculation process, please visit our website at mass.gov/mtrs > Members.



Overview of the MTRS

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Member education and outreach

- Seminars
 - Your MTRS Benefits
 - The Next Chapter
 - Ready for Retirement
 - Twice-monthly group counseling sessions



- Twice-yearly newsletters for active members and retirees
- MTRS M@il

- Information on all of our seminars is available online at mass.gov/mtrs > Members > Active members > Seminars and retirement counseling.
- Please encourage your employees to register for MTRS M@il so that they will receive our periodic e-mail updates and program announcements.

Overview of the MTRS

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Online resources for members



- The member home page
- Interactive benefit guides
- Service enhancement (purchase) information and forms
- The benefit estimate calculator
- The retirement application form
- The refund application form
- Information about plan benefits
- E-mail updates
- Various useful links



Overview of the MTRS

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The employer's role

- Eligibility determination and enrollment
- Deduction reporting
- Information maintenance
- Information resource
- Service verification
- Refunds and retirement applications

■ Each school district has an assigned MTRS Employer Services Representative who is available to provide information and technical assistance.



MTRS services for employers

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MTRS Employer Services unit

- Do you know the name of your district's MTRS representative?
- Forgot his or her number? No problem—look it up online!
- Contact the unit by...
 - Phone 617-679-6895
 - Fax 617-679-1661
 - E-mail empsup@trb.state.ma.us

MTRS services for employers

- Each school district has an assigned MTRS Employer Services Representative who is available to provide information and technical assistance.
- For Representatives' names, e-mail addresses and phone numbers, please go to mass.gov/mtrs > Employers > Contact Employer Services.



MTRS services for employers

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Update your contact data!

- E-mail the MTRS when there are changes in personnel or other contact info in your district...
 - Administration (superintendent, payroll officer, business manager, etc.)
 - District mailing address
 - Phone and fax numbers
 - E-mail and website addresses
- Send your updates to empsup@trb.state.ma.us

■ Please keep your district's contact information current to ensure that you receive MTRS announcements, mailings and broadcast e-mails.



MTRS services for employers

Employer education and outreach

- Employer training
- Quarterly employer bulletins
- Technology initiatives
- Enhanced employer support
- District payroll vendor testing
- Simplified file layout
 - No required changes for compliant vendors
 - Improved data testing
- Improved enrollment tracking



MTRS services for employers

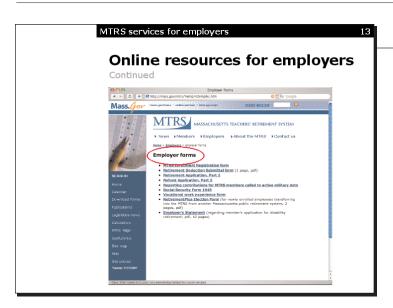
Online resources for employers

- Forms for employers
- Training and reference materials
 - Recently expanded to replace the processing guide
- Updates that affect employers
- Sign up for e-mail updates!

- Is there something you would like to have added to our website? Please help us to serve you better and let us know your suggestions.
- Provide us with your e-mail address to receive advance notice when there are changes in the retirement law or MTRS procedures.



■ Suggestion: Add the Employers homepage to your web browser's "favorites" for easy access, or create a shortcut on your desktop to bring you right to the Employers homepage.



- The Employer forms page provides links to our forms and instructions:
 - MTRS Enrollment Registration form
 - Reporting Deduction Submittal form
 - Retirement Application, Part 2
 - Refund Application, Part 2
 - Reporting contributions for MTRS members called to active military duty
 - Social Security Form 1945
 - Vocational work experience form
 - RetirementPlus Election form
 - Employer's Statement (regarding disability retirement applications)



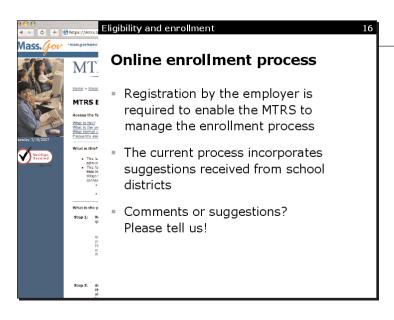
Eligibility and enrollment

Overview

- MTRS enrollment is mandatory for eligible employees
- Employees must meet the four eligibility requirements (CMR 807-4.02)
 - Must be covered by a contract
 - The contract must require that the employee is at least 50% full-time
 - "Teacher" position must require certification
 - Must be certified by the Department of Education or in some cases, the Board of Allied Health Professionals
- Please note: Charter school teachers and certain other non-charter school employees are eligible by title (Superintendent, Principal, etc.)

Eligibility and enrollment

- Please contact your Employer Services representative if you need assistance determining the eligibility of an employee with an atypical position.
- For the text of CMR 807–4.02, please see our website at mass.gov/mtrs > About the MTRS > Regulations.



■ The MTRS introduced the most recent version of the enrollment form in August 2006.

Eligibility and enrollment

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Online enrollment process

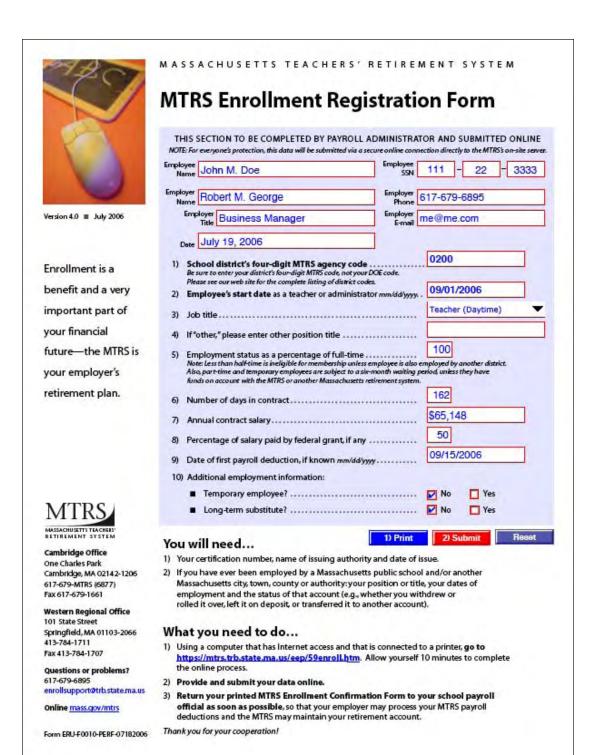
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Features

- Secure connection allows the member to enter his or her full SSN, allowing faster processing for employers and MTRS
- The process and web pages are designed to be easy to understand for all users
- The confirmation sheet provided by members to employers displays data in a clear, simple format
- The checklist provided to members prompts them to complete the process

- **Step 1** Review your new hire's eligibility for MTRS membership to ensure that he or she qualifies for enrollment in our system.
- **Step 2** After you have determined that the new hire is eligible for MTRS membership, access this page to COMPLETE and SUBMIT the online Enrollment Registration Form. You will also need to PRINT the form, give it to your new hire and advise him or her to complete the member enrollment process online.

The updated online enrollment process:
A step-by-step overview



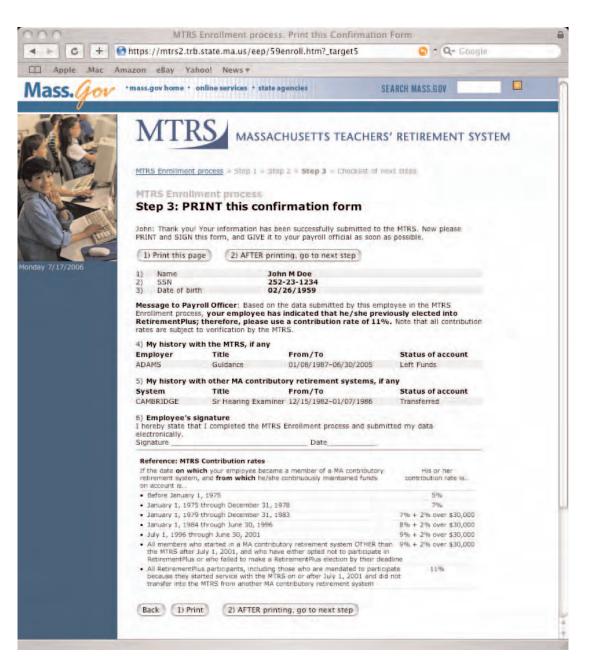
MTRS Enrollment Registration Form

- This form is o be completed and SUBMITTED ONLINE by School District Administrators
- Access this one-page interactive pdf form from our website: Home > Employers > Employer forms > MTRS Enrollment Registration Form
- Registering your new hire is mandatory.
 In order for any new employee to be able to use our online enrollment process, you must first complete and submit his or her data online.

- **Step 3** As soon as possible after you have provided the new hire with the completed Enrollment Registration Form, he or she should access our online enrollment process for members, at https://mtrs.trb.state.ma.us/eep/59enroll.htm (this link is shown on the form). As Step 3 in the member process, the new enrollee is instructed to PRINT the enrollment confirmation page, below.
- **Step 4** When you receive the printed confirmation page from your new hire, please review the information and, based on the employee's past history with the MTRS and/or another Massachusetts contributory retirement system, establish his or her contribution rate. Also, be sure to include all new MTRS enrollees on your next monthly retirement deduction report.

TIP: To ensure that the new hire has reflected all relevant past Massachusetts contributory retirement system service, compare the enrollment data on his or her confirmation sheet with his or her résumé.

The revised online enrollment process:
A step-by-step overview
(continued)



Member Enrollment Confirmation Form

- This web page is to be printed by the member during the online enrollment process, and given to the School District Administrator as soon as possible.
- The employee's data is presented in a clean, clear format that, in most cases, will fit on one page.
- Each confirmation form will include a helpful, variable *Message for Payroll Officer* that provides guidance in determining that particular employee's contribution rate.

Eligibility and enrollment

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Online enrollment process

Continued

- Common issues and questions
 - https: vs. http:
 - Don't forget to hit submit
 - Partially completed forms don't get transmitted to the MTRS
 - If the message says, "call the MTRS," please have the employee's résumé when calling
 - Employer: Someone who started before 7/1/2001 just enrolled for the first time. Why does it say to deduct at 11%?
 - Member: I forgot to list service. Now what?

- Employer answer: The enrollment process assigns the current contribution rate of 11 percent to "new" members. In the case of a member who started prior to 2001 but who had not properly enrolled, the program assigns the rate of 11 percent even though it should be 9 percent. Accordingly, please be sure to review your employee's data carefully.
- Member answer: Please insist that employees who omit prior service go through the online enrollment process a second time to correct any omissions; their new data will overwrite their original data with us. You, however, do not need to complete a second employer registration form for them.

Termination retirement

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Termination retirement

- Termination formula may benefit members subject to reduction in force (RIF) or fired
- 20 years of service required at any age
- 1/3 average salary, plus annuity (approximately 40-43% of salary)
- More common during times of cutbacks

Termination retirement and forfeiture

■ For additional information, please see M.G.L. c. 32, § 10(2).

Pension forfeiture

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Overview

- The members of the Massachusetts Teachers' Retirement Board are responsible for reviewing criminal charges and convictions of MTRS members
- Pension forfeiture can result from crimes/offenses related to a person's position (M.G.L. c. 32 §15)
- The MTRS Board takes a serious look at all cases but each situation is evaluated differently

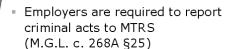
■ To access the General Laws online, go to mass.gov/legis/laws/mgl/.



Pension forfeiture







- District Attorneys and the Attorney General are required to inform the MTRS when members have been convicted
- Forfeiture is not negotiable it cannot be become a condition of a settlement

Pension forfeiture

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Case study 1

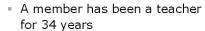


- A member has been a teacher for 21 years
- One Saturday night, she is arrested for **distribution** of cocaine (was selling to minors)
- She is found guilty and receives6 months in jail
- Is she eligible for a pension?

Pension forfeiture

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Case study 2



- On a Tuesday at 5 p.m., he is arrested for DUI 3 miles from the school where he teaches
- He is found guilty; this is his fourth offense, second guilty
- Is he eligible for a pension?





MTRS deduction reporting and BERT

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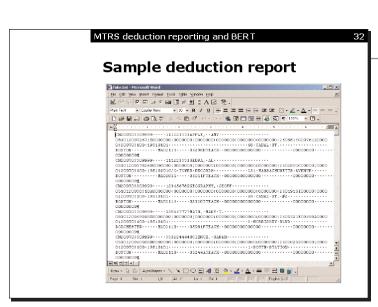
The report file layout

- Most deduction reports are generated by commercial payroll software or vendorsupplied systems
- In 1996, the MTRS established the current report file layout with 309 continuous characters divided into 27 fields to capture demographic and financial data
- There are seven earnings fields and three deduction fields
- The MTRS report allows for three types of deduction records:

Normal records
 Adjustment records
 Retroactive records
 Type R

MTRS deduction reporting and BERT

■ For a copy of the file layout, please visit mass.gov/mtrs > Employers > Payroll.



■ This is a sample report with dummy records.

What was MTRS AutoReport? An application developed in 1996 to enable employers to comply with MTRS reporting requirements AutoReport was mailed to districts on several floppy disks to be installed on a PC running Windows 3.1 or higher When plug-and-play versions of the Windows operating system were released (Windows 98 and after), AutoReport became obsolete The MTRS officially stopped supporting AutoReport in 2002



MTRS deduction reporting and BERT

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What is BERT?

- Basic Electronic Reporting Tool
- Runs on Microsoft Access
- Not Mac compatible
- Like the system it is replacing, BERT is free, and can be downloaded from the Employer page on the MTRS website along with a user manual in either pdf or HTML format
- Districts can import MTRS files to create reports or build reports from scratch

- BERT requires that you have MS Access 2000, 2003 or 2007.
- BERT can be downloaded from mass.gov/mtrs > Employers > Payroll.
- If you have any questions or need assistance downloading BERT, please contact your Employer Services representative or BERT support via e-mail: bertsupport@trb.state.ma.us.

MTRS deduction reporting and BERT

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Who needs BERT?

- Startup charter schools, new collaboratives or small districts with limited resources: Use BERT as a **primary** MTRS deduction reporting tool
- Established districts that are experiencing reporting problems, or having trouble with a new payroll service vendor or conversion to a new software system: Use BERT as a **temporary** reporting tool

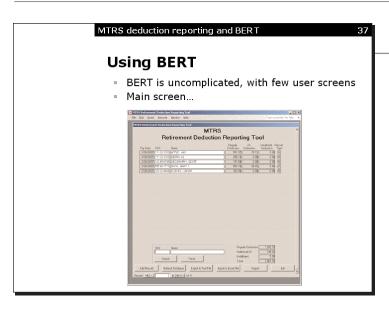
MTRS deduction reporting and BERT

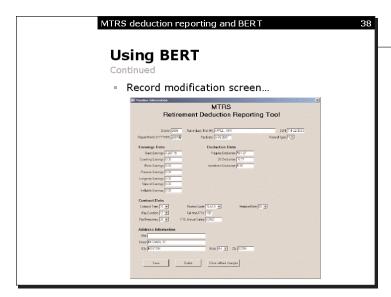
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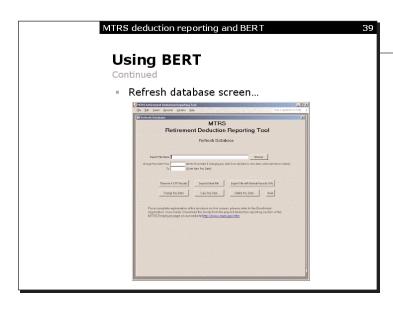
Who needs BERT?

Continued

- All districts can use BERT to:
 - Resolve variances and/or correct errors in a report originally produced by a local payroll system
 - Export a deduction report to MS Excel so the user can easily analyze the data
 - To create paper reports containing records sorted by SSN, name or pay date









MTRS deduction reporting and BERT

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BERT support

- Users experiencing trouble installing or using BERT can contact the MTRS Employer Services unit by...
 - Phone 617-679-6895
 - E-mail bertsupport@trb.state.ma.us



Regular compensation

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Regular compensation

- General categories
 - Base pay
 - Additional compensation

Regular compensation

Regular compensation

Base pay



- Primary pay for being a teacher— "step-and-scale" in your teachers' collective bargaining agreement (CBA) pay schedule
- Always pensionable; reported as "base earnings"
- Calculation method—hourly, daily, weekly—does not matter

■ Base pay can always be found in the member's contract or collective bargaining agreement (CBA).



Regular compensation

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Regular compensation "salary" vs. "wages"

- Hourly pay for additional services is generally not pensionable
- Exceptions
 - Coaching pay
 - School lunch duty

■ In order to be pensionable, pay for additional services, with few exceptions, must not be calculated as hourly, daily, per student, etc.



Regular compensation

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Extra days

- Must be in the contract (CBA)
- Must be for the member's primary job
- Superintendent must direct in writing—that the extra work be performed
- Pay for additional days is reported as a stipend

■ Pay received for working extra days is pensionable only in limited situations.



Regular compensation

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Basic types of pensionable earnings

- Longevity
- Sick leave taken
- Vacation taken
- Cost of living adjustments (COLAs)
- Base pay increases because of educational advancement

Regular compensation

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Examples of nonpensionable earnings

Performance bonuses

Sick leave and vacation buyback

Anything paid to a member as a result of the member giving notice of retirement *or* of the employer having knowledge of the member's retirement

■ There are several categories of additional earnings that never qualify as regular compensation.

Regular compensation

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Pensionable fringe benefits

- Non-cash allowances such as employer-supplied housing
- Employer-paid premiums paid for an administrator's annuity contract
- Employer-paid premiums paid for an administrator's individual life or disability insurance policy

■ Certain benefits beyond base and additional earnings are considered regular compensation.



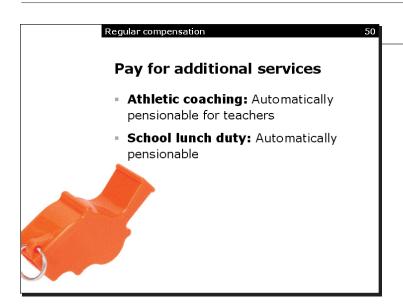
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Nonpensionable fringe benefits

- Expense reimbursements, automobile mileage, travel allowances
- Cash paid to the member in lieu of health insurance
- Tuition reimbursement, pay for attending workshops, any educational incentive that does not become part of the member's base pay

■ Most reimbursements, one-time expense payments, and cash paid in lieu of non-cash benefits are not considered regular compensation.





■ Certain payments are specifically defined as regular compensation in Chapter 32.



Regular compensation

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Other additional compensation

- The function and the pay amount must be set forth in the contract (CBA), e.g., stipends
- The service must be rendered during the school year
 - Summer school teaching is not pensionable

■ Compensation for summer school teaching is considered a form of overtime pay and is therefore non-pensionable.



Regular compensation

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Regular compensation: Things to consider

- Evaluate contracts carefully
- Understand the rules when negotiating with employees; express all compensation provisions in writing
- Ensure that all eligible deductions are taken and reported correctly

■ Except for payments that are defined as regular compensation by statute, all pay for additional services must be specified in the contract.



Regular compensation

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"ELBO" plans: 2007

- Enhanced Longevity Buyout
- PERAC's amendment to CMR 840 15.03
- Most non-recurring payments disallowed
- Some existing plans are "grandfathered"

■ In order to be pensionable, pay for additional services, with few exceptions, must not be calculated as hourly, daily, per student, etc.

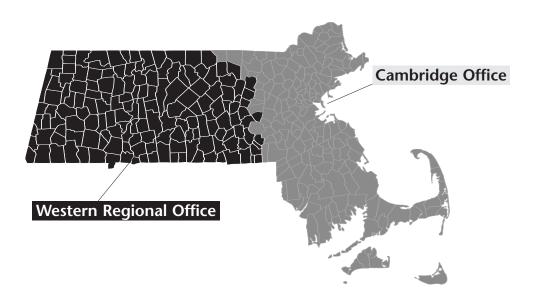
Regular compensation

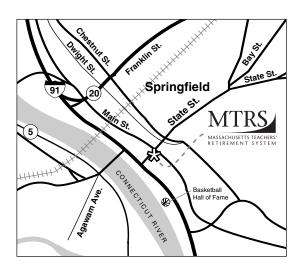
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ELBO grandfather provisions

- The ELBO plan must be provided for, and payments must have begun, pursuant to a contract or CBA in effect on or before January 25, 2006
- If these criteria are met, the member may complete the plan under the existing contract, or a successor contract for an equal amount

■ Remember that in order for additional compensation to be pensionable, the function and the payment must be clearly set forth in the contract or CBA.





Western Regional Office

Located at the intersection of State and Main Streets, diagonally across from the Springfield Civic Center.

101 State Street, Suite 210 Springfield, MA 01103-2066

Phone 413-784-1711 Fax 413-784-1707

Hours: 8:45 a.m. – 5 p.m., Monday through Friday.

Parking is available at the Bliss Street Parking Garage and on the street at meters.



Cambridge Office

Located adjacent to the CambridgeSide Galleria shopping mall and within walking distance of the Lechmere MBTA green line station

One Charles Park Cambridge, MA 02142-1206

Phone 617-679-MTRS (6877) Fax 617-679-1661 (main office)

Hours: 8:45 a.m. – 5 p.m., Monday through Friday.

Parking is available across the street at the CambridgeSide Galleria shopping mall garage.

Contacting us

The MTRS operates two offices; depending on where you are located, your employees should contact the office in Cambridge or in Springfield.

If you have questions...

Employers should contact the Employer Services unit in our Cambridge office for information.

■ Phone

To reach a representative, call **617-679-6895**, or, for a specific person, dial **617-679-[ext]**

Mary Lynn Chu. . . 6826
Christine Connell . 6896
Robert George . . . 6869
David Harbison . . . 6873
Kathleen Kreatz . . 6856
Shirley Kwan 6876
Cam Luu 6852
Tom O'Connell . . 6865
David Percoco . . . 6809
Richard Probert,
Director 6878
Patricia Raynowska 6850

■ **Fax** 617-679-1661

■ E-mail empsup@trb.state.ma.us

■ Online

Go to mass.gov/mtrs and click on Employers